

AMENDMENT NO. 1

to

CONTRACT BETWEEN

CHINA AIR LINES

and

AIR AMERICA, INC.

Contract 67-63, dated 27 September 1967, is hereby amended as follows:

1. Effective 1 July 1967 delete paragraphs l. and m. Article V. and substitute therefor the following:

1. Price Reduction for Defective Cost or Pricing Data

If any price, including profit or fee negotiated in connection with this contract or any cost reimbursable under this contract was increased by any significant sums because CAL, or any subcontractor pursuant to the clause of this contract entitled "Subcontractor Cost or Pricing Data" or "Subcontractor Cost or Pricing Data-Price Adjustments" or any subcontract clause therein required, furnished incomplete or inaccurate cost or pricing data, then such price or cost shall be reduced by the amount of reduction, if any, by which the Government reduces the price or cost of the prime contract and the contract shall be modified in writing as may be necessary to reflect such reduction.

- m. Audit

1. For purposes of verifying that certified cost or pricing data submitted, in conjunction with the negotiation of this contract or any contract change or other modification involving an amount in excess of \$100,000, were accurate, complete, and current, the Contracting Officer of the prime contract or its authorized representatives, shall- until the expiration of three years from the date of final payment under this contract-have the right to examine those books, records, documents, papers, and other supporting data which involve transactions related to this contract

or which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein, provided that, in the case of any contract change or modification, such change or modification results from a change or other modification to the Government prime contract.

2. CAL agrees to insert this clause including this paragraph 2 in all subcontracts hereunder which when entered into exceed \$100,000, unless the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. In each such excepted subcontract hereunder, which when entered into exceeds \$100,000, CAL shall insert the following clause.

"Audit-Price Adjustments

1. This clause shall become operative only with respect to any change or other modification of this contract which involves a price adjustment in excess of \$100,000 unless the price adjustment is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation, provided, that such change or other modification to this contract results from a change or other modification to the Government prime contract.
2. For purposes of verifying that certified cost or pricing data submitted in conjunction with such a contract change or modification were accurate, complete and current, the Contracting Officer of the Government Prime contract or his authorized representative shall-until the expiration of three years from the final date of payment under this contract-have the right to examine the books, records, documents, papers and other supporting data which involve transactions related to this contract

or which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein.

3. The Subcontractor agrees to insert this clause, including this paragraph 3, in all subcontracts hereunder which when entered into exceed \$100,000."

AIR AMERICA, INC.

CHINA AIR LINES

By J. W. Walker, Jr.

By Bob Yeh

Title Vice President  
Flying Contract Affairs

Title Vice President

Date JUL 22 1968

Date July 31, 1968